In 1960, Japan and the “Four Asian Tigers”—Hong Kong, Singapore, South Korea, and Taiwan—had an average population share under age 15 of 40 percent. Over the next 30 years, they and neighboring Indonesia, Malaysia, and Thailand—collectively known as the High Performing Asian Economies (HPAE)—posted consistent dramatic growth rates and came to be known as the Asian Economic Miracle. Among the studies of this period to understand what drove these impressive economic gains, there is a general consensus that private domestic investment, rapidly increasing human capital, and sound macroeconomic management were key contributors. One other factor is population structure, particularly their young nature. In their seminal work, *Demographic Transitions and Economic Miracles in Emerging Asia*, David E. Bloom and Jeffrey G. Williamson attribute as much as a third of the growth effect to population structure. This phenomenon became known as the transitory or “first” demographic dividend. In 1960 South Korea, for example, the share of population under age 25 was 58 percent. Between 1960 and 1990, South Korea made a rapid transition from high to low fertility and simultaneously experienced consistent annual per capita growth at a rate of nearly 7 percent.

In recent years, the demographic dividend concept has (re)surfaced in the development discourse, most notably in considering the challenges and opportunities associated with large youth populations in the low- and middle-income countries of the Middle East, Africa, and South Asia. Such discussion in the Middle East and North Africa (MENA) region gained even more steam in the wake of the Arab Spring—the protests were attributed to discontent, a sense of economic, political, and social marginalization among young Arabs—and the global recession of 2007-08. These two shocks disproportionately affected young people. They worsened already

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dim economic prospects for young people, driving up unemployment and underemployment rates. And if history repeats, the economic slowdown resulting from the current novel coronavirus pandemic is likely to disproportionately affect youth as well.³

While birth rates have come down and the age transition is underway in the MENA region, youth populations remain relatively large, often still described as a youth bulge.

As the MENA region continues to face social and economic transitions, in an ever-shifting global economic and social landscape marked by globalization, migration, urbanization, and technological shifts, one question is whether and how the countries of the region can see a demographic dividend before the window posed by their transitional population structure fully closes, likely in the next 10 to 20 years.

In this issue brief, we look at the opportunity for a demographic dividend in the MENA region while focusing on four countries with different economic and social dynamics—Egypt, Jordan, Saudi Arabia, and Tunisia.

Before taking an in-depth look at these countries, however, it is important to note that demographics are not destiny, especially in a post COVID-19 world. Simply having a young population does not a dividend make. The right mix of policies and investments needs to be in place in order to realize the opportunity presented by a country’s youth. These include health, education, and training to ensure accumulation of human capital (knowledge, skills, aptitudes, mindsets) and a well-prepared workforce, as well as a macroeconomic and business regulatory environment that will enable and allow the private sector to flourish and hire more people. More jobs, with more people working, and firms earning more profits ultimately means more production, consumption, and economic growth.

### Youth Situational Profile: Assessing the Foundations for a Demographic Dividend

Population structure is the baseline factor. A favorable population structure and low dependency ratio where a larger working class supports a smaller number of children and elderly is an important factor in determining the potential for a transitory demographic dividend. In July 1960, at the onset of the “Miracle,” the average share of population under age 25 across the HPAE was 58 percent, with 41 percent under age 15—highly favorable and promising for a demographic dividend.⁴

Looking at the MENA region, 31 percent of the population is under age 15, with roughly 5 percent over age 65. In each of the four countries that are the focus of this issue brief, the population numbers give reason for optimism.³ In Egypt, 46 percent of the population is under age 25, while 4 percent is over 65. In Tunisia, 35 percent of the population is under age 25, while 8 percent is over 65. In Saudi Arabia, 45 percent of the population is under age 25, while 3.5 percent is over 65. With 55 percent of its population under age 25 and 3.5 percent over age 65, Jordan’s numbers are perhaps the most promising. Importantly, in all four countries, at least 25 percent of the population is under age 15; in Jordan, it is as high as 35 percent.

Thus, the demographics are seemingly in place for a payoff, with so many people poised to enter the workforce and/or begin productive economic activities in self-employment or entrepreneurship.

However, as noted, having a young population does not itself guarantee a demographic dividend. Education and human capital are key. It is not what you have, it is what you do with it that counts. The question arises: to what extent are MENA youth populations prepared and able to work and be productive? To this end, education and human capital are key, as was found to be the case in the HPAE’s “Miracle.”

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⁵ Ibid.
In the MENA region, the story is somewhat mixed. Consider how the four focus countries fared in the inaugural 2018 World Bank Human Capital Index (HCI). The HCI “measures the amount of human capital that a child born today can expect to attain by age 18, given the risks of poor health and poor education that prevail in the country where she lives.” It is designed to highlight how improvements in current health and education outcomes shape the “productivity of the next generation of workers.” Egypt ranks lowest of the four focus countries at 104th of the 157 measured, receiving a score of .49 on the Learning-Adjusted Years of School (LAYS) indicator measured at 6.3; Tunisia is ranked slightly better at 96th with an overall score of .51 with the same LAYS measure of 6.3. Jordan performs even better, ranking 76th with a score of .56 and a LAYS measure of 7.6. Of the four countries, Saudi Arabia, ranked 73rd, performs the best with a score of .58 and a LAYS measure of 8.1. Interestingly, and perhaps surprisingly, when looking at the sex-disaggregated index, all four countries score higher in the female HCI than the male HCI.

Of note, at the top of the rankings were East Asian countries/territories, including Singapore, South Korea, Japan, and Hong Kong, which scored 0.88, 0.84, 0.84, and 0.82, respectively. These strong showings underscore these countries’ sustained focus on education, which continues to drive growth into the twenty-first century.

Another measure of human capital, the Lancet 2016 study in 195 countries and territories, tells perhaps a more optimistic story with Saudi Arabia ranked 65th, Jordan 67th, Tunisia 75th, and Egypt struggling at 112th. As cause for further optimism, the Lancet measure was conducted for both 1990 and 2016, and three of the four countries that are the focus of this issue brief—with the exception of Jordan, whose ranking remained basically even at 67th in 2016 and 68th in 1990—showed dramatic improvement. In 1990, Tunisia ranked 108th, Egypt 127th, and Saudi Arabia 117th.

Amid digital transformation of the region’s economy, accelerated by the COVID-19 economic shutdown and push toward more contact-less commerce, having digital skills is becoming even more crucial. McKinsey’s digitization index finds that only 1.7 percent of the region’s workforce is digital talent—individuals with digital mindsets, skills, and fluency enabling them to use digital tools and function in a digital environment.

While such objective data-driven measures tell some of the story, youth perception can affect choices and drive reality as well. Here is perhaps where the state of education readiness is dimmer. According to the findings of the 2019 Arab Youth Survey, three in four young Arabs are concerned about the general quality of education in their country, and roughly half feel they are not prepared for the jobs of the future. In the Levant, nearly three quarters (73 percent) of young people are dissatisfied with their education system in terms of its relevance to future work. Similarly, in the most recent Arab Barometer (Wave V September 2018-April 2019), only 30 percent of young people in both Egypt and Tunisia said they were satisfied with the state education systems. A more encouraging, but still weak, 65 percent reported satisfaction in Jordan. Saudi Arabia was not included in the survey.

It is worth noting that the demographic dividend prospects for the MENA region are often compared to those for the sub-Saharan Africa or South Asia regions, which also have very young populations. In the World Bank HCI, only Mauritius and Seychelles outrank Saudi Arabia, and scores for the majority of countries in both regions fall below Tunisia and Egypt (the lowest of MENA countries).

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8 Ibid.
At the same time, it is increased earning and spending by youth that can drive growth today. Looking at education and human capital is particularly important for assessing the dividend opportunity in the medium to longer term (over 10 to 20 years) as younger youth (15 years of age and under) grow up and come into the workforce. However, a critical factor for understanding nearer-term (within the next 10 years) potential is the level of economic participation, which can be looked at in terms of employment or entrepreneurship. Here, too, the situation is not ideal for the MENA region.

The MENA region continues to have the highest measured youth unemployment rates in the world and among some of the lowest labor force participation rates.13 Arab labor markets tend to be characterized by a large public sector and relatively weak private sector, combined with a social contract wherein young people expect—and will hold out for—a government job that is increasingly in shorter supply. In 2018, the International Labour Organization (ILO) estimated that the employment rate for those aged 15 to 24 years old was 32.6 percent in Egypt, 37.2 percent in Jordan, 25.8 percent in Saudi Arabia, and 34.8 percent in Tunisia.14 At the regional level, young women’s participation is troublingly low—only 15 percent of women aged 15 to 24 years old are active in the labor force. In addition, unemployment rates among young women in the region average 80 percent higher than their male counterparts.

peers. Comparing the gendered rates in the four focus countries, the rates of female youth unemployment are 43 percent in Egypt, 55 percent in Jordan, 44 percent in Saudi Arabia, and 37 percent in Tunisia. Looking again to the perspective of young people, in the 2019 Arab Youth Survey, unemployment ranked second behind the rising cost of living as their dominant concern. Moreover, notably, unemployment has been among the top three challenges cited by survey respondents annually since 2015. The Arab Barometer shows an alarmingly bleak outlook among youth populations: only 15 percent in Tunisia, 16 percent in Jordan, and 18 percent in Egypt are satisfied with their employment opportunities. As troubling as these numbers are, it is essential to note that measured unemployment rates often mask broader challenges around underemployment, low productivity, or the numbers of young people who have withdrawn from the labor market altogether. Upwards of 70 percent of Arab workers are in the informal economy, generally characterized by low wages, job insecurity, lack of benefits, and potentially poor conditions.

In terms of entrepreneurship, while Arab youth populations are known to be entrepreneurial, a number of barriers are seemingly limiting opportunities for, or the potential of, even those who by the necessity of the poor job market are self-employed or starting a business. According to the most recent Global Entrepreneurship Monitor, the total early-stage entrepreneurial activity (TEA) across the MENA region was just over 20 percent, while in Saudi Arabia it was 12 percent and Egypt 10 percent. Interestingly, nearly 50 percent of entrepreneurs in Egypt report “necessity motives” versus “opportunity goals.” Perhaps more promisingly, more than 70 percent of Saudi respondents are encouraged by the entrepreneurial opportunities they see, and believe they have the ability to start a business. However, also worth noting, in Egypt and Saudi Arabia, business discontinuance rates were at least half the level of TEA. The most recent TEA data for Jordan was 8.2 percent and for Tunisia 10.1 percent, in 2016 and 2015, respectively.

Start-up or business financing is one of the most significant challenges to entrepreneurship in the MENA region, where SMEs account for 96 percent of the region’s businesses and employ millions of people, but they receive only 7 percent of bank credit. That is far below the 13 percent received by SMEs in Europe and 17 percent by those in Asia. Though improving, regulatory burdens and weak property rights also stymie entrepreneurship. In the World Bank’s Doing Business 2020 rankings, Jordan jumped to 75th place of 190 countries (from 104th in 2019), Tunisia placed 78th, Saudi Arabia is among the 10 most improved nations at 62nd, while Egypt lags in 114th place.

Beyond the economic landscape, broader dissatisfaction and marginalization undermine stability, stifle foreign investment, and fuel emigration desires among youth populations in many countries of the region. The Arab Spring exposed the extent of unmet aspirations among the region’s youth. While some countries have seen progress, Arab youth—especially outside the Gulf Cooperation Council (GCC) states—remain mostly skeptical of their governments, national trajectory, and their own place and value in society. In the ASDA’A Burson-Marsteller Arab Youth Survey 2018, only 40 percent of the respondents said they believed the region had moved in the right direction over the previous decade, while a staggering 85 percent of young respondents in the Levant said the region had moved in the wrong direction. One consequential effect is brain drain: in the Arab Barometer, at least half of youth respondents in Jordan, Tunisia, and Egypt said they are considering emigration, potentially resulting in the detrimental loss of human capital.

Alongside countering terrorism, creating jobs, and improving education, young people put fighting corruption as a priority for the next decade, with North African youth...
naming it as their top concern. MENA youth populations also often find themselves on the sidelines of governance and policy. The MENA-OECD Governance Programme’s Youth Governance Survey across 11 countries (including Jordan and Tunisia, but not Saudi Arabia or Egypt) found, for example, “the average age of officials working in the public administration usually exceeds the average age of the population across MENA countries by far.”*23* In its most recent (2018) biannual study of youth participation in parliaments worldwide, the Inter-Parliamentary Union (IPU) found that globally only 2.2 percent of national legislators are under the age of 30.*24* Except for Tunisia (which instituted a youth quota after the Arab Spring), countries in the MENA region generally compare poorly. Of the 150 nations included in the survey of youth participation in single or lower chambers of parliament, Tunisia ranked 12th with 6.45 percent, Egypt ranked 92nd with 1.01 percent, and Jordan ranked 97th with .76 percent. Saudi Arabia was not included in the study.

**Policy Profile: Reviewing Enabling Conditions for a Demographic Dividend Among Arab Youth Populations**

Although countries in the MENA region are undertaking reforms, the pace of growth is not enough to meet the demand. Nearly three million youth are joining the workforce annually, making the challenge even more pressing. The level of growth needed to meet the challenge is estimated at 6-7 percent.*25*

Let us highlight aspects of how the current policy landscape in the four countries that are the focus of this issue brief builds or strengthens the foundations discussed above, and hinders or supports harnessing the economic potential of the region’s youth.

The first area to examine is national economic growth or development strategies to understand if they are youth-inclusive or -supportive. In Egypt, Egypt Vision 2030 aims to diversify and enhance the country’s economy via projects such as the Suez Canal axis development project, a new administrative capital, and the four million acres land reclamation development project. All of these projects can create employment and business opportunities for young people if they have the right skills and market access. In Jordan, “successful implementation of the Jordan Economic Growth Plan 2018-2022 will double the economic growth of Jordan over the coming five years, at the minimum, despite ongoing regional turbulence.”*26* In Saudi Arabia, King Salman approved the government’s $295 billion budget for 2019, calling it “the largest budget in the history of the Kingdom of Saudi Arabia.”*27* The aim, he added, was to support economic growth in line with the objectives of the kingdom’s Vision 2030 economic reform strategy, which calls out young people as a target group. In 2018, Tunisia commenced the third phase of its Integrated Regional Development Plan, first initiated in 2011, with public and private sector investments in infrastructure, agriculture, micro-trade crafts training, and SME support, all of which has the potential to impact youth populations both directly and indirectly.

Behind the human capital numbers and rankings noted above are national education, skills, and technical and vocational education and training (TVET) strategies and initiatives (often internationally funded, and not necessarily of sufficient scale). In Egypt, millions of dollars are spent every year on youth employment projects, some focusing on helping young people find wage-employment opportunities and others to support productive self-employment. Since 2014, for example, Egypt has been working with the ILO on a program oriented around Skills for Trade and Economic Diversification (STED), emphasizing the furniture and food sectors. Jordan has taken some promising steps: reforms include consolidating all vocational training for construction-related trade, providing equal pay for TVET graduates, and restructuring and organizing institutions. Projects include “training business owners in technical and managerial skills, building the capacity and skills of new entrepreneurs, introducing new certification programs for Jordanian engineers to meet the needs of...

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25 “A Call for Reform.”
the relevant sector, and developing skills of families living in rural areas.”

Through a broader 10-year strategy, the government of Jordan has committed to identifying and embarking on key interventions needed in early childhood education, basic and secondary schooling, vocational training, and higher education.

In Saudi Arabia, where foreigners dominate much of the private sector workforce, “Saudization” is increasingly taking place. Foreign workers are gradually being replaced by trained Saudi workers. Saudization is expected to increase opportunities for institutions and organizations engaged in workforce training, particularly skills and vocational training and development. “The Saudi Exports Development Authority (SEDA) has launched the first phase of its export certification support program in cooperation with the International Chamber of Commerce (ICC) Academy to enhance knowledge and skills and develop human capabilities in the [export] sector,” according to Arab News. By 2020, “the Saudi government aims to have trained, through distance learning, 500,000 government employees, and all government institutions will be required to adopt best practices in human capital development.”

Tunisia’s ambitious Strategic Plan for the Education Sector 2016-20 has “five main objectives: improving the quality of teaching and thus the employability of new graduates, promoting research and innovation, fostering good governance and [optimizing] resource management, reviewing university planning to ensure regional balance, and developing teachers’ [training].”

Though progress has been made, the high cost of full implementation (estimated at €1.7 billion) likely affected the extent and scale of impact. Tunisia is also one of the forerunners of the World Bank’s new Human Capital Program. The program will identify vulnerable families, establish a database, and develop modules for social assistance programs. These reforms have been accepted by public officials with anticipated actualization by the end of 2019 (to be determined).

Policies and initiatives to promote youth employment have risen in urgency and prominence, particularly at the national or, in some cases, subnational level. Such reforms and activities are seeking to reinforce supply-side measures that increase human capital (as discussed above) as well as address the demand and intermediation constraints that have hindered firm-level, private sector growth, or the employment of young people. Generally, these might include industrial or trade policies (especially in labor-intensive, low-middle skills sectors more likely to hire young people), job creation incentives and public-private partnerships, information services, career counseling, or placement types of initiatives.

In Jordan, recent policy reforms include promoting self-employment and entrepreneurship as a way to reduce youth unemployment, financially supporting programs that focus on entrepreneurship among youth populations, and providing short-term, on-the-job training for unemployed youngsters to help them acquire skills demanded by the market.

The Mashrou3i project in Tunisia fosters entrepreneurship and job training among at-risk youth where unemployment is highest. Mashrou3i has expanded from four governorates to 14. Also in Tunisia, the Jobs, Opportunity, and Business Success (Tunisia JOBS) five-year activity plan assists hundreds of enterprises to expand their business and create thousands of new jobs, particularly for recent graduates. Meanwhile, in Saudi Arabia, the Ministry of Labor and Social Development is focusing on young men and women in the kingdom’s Vision 2030 strategy, and on partnering with the private sector to employ higher numbers of Saudi youth.

In addition to the policies and strategies to push job creation and employment of young people, MENA countries also see entrepreneurship as an important path for youth economic participation, and, as such, are promoting micro-, small-, and medium-sized enterprise development, as well as innovation or digital policies and programs that create productive, income-generating opportunities.

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28 “Jordan Economic Growth Plan.”
33 Ibid.
In Egypt, for example, the government has partnered with the World Bank on a $200 million agreement to promote small businesses and spur job creation for women and young people. In Jordan, the government is providing assistance and incentives to entrepreneurs, launching large-scale promotional campaigns on entrepreneurship in various governorates, improving access to credit and equity financing, building awareness and a culture of entrepreneurship within society, facilitating market access, and launching the Entrepreneurial Communities Initiative.

Tunisia recently passed its Startup Act that seeks to unleash enterprise in the digital economy, and hosts the Center for Entrepreneurship and Executive Development (CEED) project. This initiative “provides business mentoring, marketing and management training to entrepreneurs and links new businesses with established businesses.”

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mentors to promote business development and generate additional private sector employment.” CEED Tunisia has trained more than 450 entrepreneurs and is expanding into the south of the country.

Saudi Arabia has been investing heavily in startups as it focuses on growing the economy to achieve its Vision 2030 objective of moving away from dependence on oil. Young entrepreneurs are expected to play a vital role as the Saudi Arabian General Investment Authority (SAGIA) tries to boost foreign direct investment.

**Conclusion**

In conclusion, near- (10 years) and medium-term (20 years) opportunities do exist for countries in the Arab world to harness the productive potential of their youth and reap a demographic dividend in economic growth. It will, however, require more immediate education-enabling reforms and investments in human capital, similar to those made in East Asia in the 1960s and '70s, but specific to the context, market landscape, and regional dynamics of today and (post-pandemic) tomorrow.

“The average unemployment rate in the region is 18 percent, while the worldwide average is 9 percent. And it is a known fact that over 50 percent of our population is youth. We need to focus on them—more so because a number of jobs will become extinct in the future with the advent of new technologies. The need of the hour is to accommodate this burgeoning youth population.”

— Abdulrahman Al Hamidy, director general and chairman of the board of the Arab Monetary Fund, at the 12th Arab Strategy Forum in Dubai, United Arab Emirates, on December 9, 2019

At the same time, as the population structure transitions and today’s young people age with a smaller generation behind them, economic growth toward 2050 will hinge in large part on continued and compounded economic participation, earnings, savings, and spending supported by inclusive governance and societies.

### Recommendations

**Invest in education and training that meets private sector and future work demands.** The promise of the Arab world's youth will be wasted if they are not armed with fundamental skills and competencies, as well as workplace soft skills, digital skills, transversal trade and technical skills, and emerging professional competencies to enable them to compete in growth sectors, including ICT, healthcare, financial services, logistics, hospitality, and sustainable energy. The what and the how of Arab education and training needs to change to meet the demands of the rapidly changing workplace as globalization, migration, digitization, and urbanization take root in the region. This includes engaging the private sector to make education and training more responsive to trends and relevant to the “glocal” job market, as well as to improve the value proposition of education, reduce the skills gap, and smooth the education-to-employment pathway. For example, as large numbers of Arab youths move rapidly to cities and urban economies, they are becoming more service oriented and cultivating social and soft skills on top of vocational and professional skills is increasingly necessary for success.

As Arab markets become further integrated regionally and internationally, and as higher numbers of children and young people are on the move, language skills, resilience, and multicultural fluency are becoming more important alongside strong fundamentals in literacy, numeracy, and technical competencies. To succeed in an increasingly digital world marked by the Fourth Industrial Revolution, STEM competencies of science, technology, engineering, and math are quickly going from “nice to have” to “need to have." 39

At the same time, Arab youth populations need to find more benefits from education. This could result from curricula reform, even at the secondary level, to introduce leadership content and to require practical, skills-based business and entrepreneurial content (such as customer care or client service, marketing, accounting, and planning). It could also come from training teachers in more experiential, student-centered pedagogies that provide a more active, applied, and participatory learning

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experience (as was done in Rwanda40), increasing the value proposition of education and promoting retention and results.

**Stimulate entrepreneurship.** Micro-, small-, and medium-sized enterprises are key to employment and productivity in the region. Policy makers can support self-employment and entrepreneurship by ensuring young people have access to money, mentors, and markets.41 Start-up and operating capital to bridge the financial inclusion gap described earlier is critical—recent research by the International Monetary Fund (IMF)42 reveals how, by promoting policies that facilitate access to finance for SMEs, the Arab region could “boost annual economic growth by up to one percent, potentially leading to about 15 million new jobs by 2025.”43 Beyond capital, however, young entrepreneurs need a supportive ecosystem and broader enabling environment that includes conducive and navigable policies and regulations, supportive business institutions and networks, and access to markets, including through supply chains, trade, and platforms to engage in gig, sharing, and digital economies.

**Increase young women’s economic participation.** Across the region, starkly low levels of female labor force participation are a drain on economic growth and seizing the demographic dividend. While women’s education completion rates are high compared to men, education relevance as well as cultural, social, structural, and regulatory barriers keep young women from the workplace, and from starting their own business. Policies and initiatives that encourage STEM and technical/vocational education for girls, careers in non-traditional sectors, work and income-generating activities in the home (such as Jordan’s Home-Based Business44 law), options for childcare, safe and reliable transportation, and work environments safe from harassment have all been successful in increasing young women’s economic participation. Moreover, increasing agency and access to family planning and reproductive health resources and services is known to further education and encourage female labor force and entrepreneurial activity.45

**Increase Internet technological access, affordability, and uptake among youth.** As discussed in the 2014 Global Youth Wellbeing Index,46 ICT is central to young people’s success in all aspects of their lives, but it is especially critical to education, and social and economic participation. At the same time, opportunities to reap a demographic dividend can be amplified by potential digital dividends to growth, jobs, and services. However, as the World Bank explains, “firms are more connected than ever before, but global productivity growth has slowed. Digital technologies are changing the world of work, but labor markets have become more polarized and inequality is rising.”47 Data for 2014 in the World Bank report show that while mobile penetration in the MENA region averaged 89 percent, Internet adoption averaged only 32 percent. A McKinsey study in the region shows that a “high level of digitization contributes to economic growth, leading to higher GDP.”48 According to this study, a unified digital market across the Middle East (160 million potential digital users by 2025) could contribute up to 3.8 percent annually in GDP—amounting to approximately $95 billion. Benefits from digitization can also accrue in terms of inclusion and poverty reduction and—important for youth productivity—increase access to and quality of healthcare and education. Governments can invest in public Internet infrastructure (including in schools and educational institutions), instill digital policies, integrate digital literacy and skills education, and establish well-resourced and empowered agencies to drive and coordinate a conducive regulatory environment. The private and financial sectors can create and capitalize

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42 Blancher et al., “Financial Inclusion.”
48 Tarek Elmasry et al., “Digital Middle East: Transforming the Region into a Leading Digital Economy”. 

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on digital platforms and technologies, and support youth entrepreneurship in the ICT sector.

**Improve opportunities and social protections now to create conditions for a “second” demographic dividend later.** While the focus of this issue brief has been on opportunities for a transitory “first” demographic dividend, given the comparisons to East Asia, it is also worth seeding conditions that will foster and increase the benefits of a potential “second” demographic dividend.

As populations in the MENA region age, such an approach would capitalize on adult longevity and longer working years, and harness the wealth accumulated by the older generation. A larger working-age population brings higher national savings alongside increased spending, which over time creates capital accumulation, yielding high economic growth.

At the same time, lack of opportunity today is driving many young people to seek opportunities abroad, creating a brain drain and undermining the human capital that is needed to drive growth. Public and private sector actors need to invest in and promote adult learning and continuous education that upskills or reskills workers for a changing workplace amid the digital and Fourth Industrial Revolution.49

Promoting financial literacy and inclusion among the older generation that enables them to save money effectively will also be critical. Further, as behavioral or noncommunicable health risks such as obesity and cancer rise in the region, policies and care systems that maintain and even increase health and longevity can support second demographic payoffs.

**Promote inclusion and mitigate inequality.** Young people’s aspirations are multifaceted. Their economic contribution will be catalyzed or hindered by the role they play in governance and society at large. Ensuring youths have a voice, concrete channels of civic participation and expression, and a meaningful role in policy and decision-making will be critical. Participatory budgeting has been a successful youth engagement activity. In Jordan, for example, with international support, young people took part in analyzing and reviewing the budgets of eight ministries to determine how well they consider and impact children and youth populations. To strengthen young people’s role in legislative bodies, practices such as establishing networks of young members of parliament—as well as caucuses or standing committees that promote and address youth issues in public policy—show promise.

**Invest in further research.** More and better information, data, and evidence are needed to inform policies and programs. For example, comprehensive labor market assessments and employer surveys, with a focus on understanding opportunities and demands of the private sector and growth industries, would be valuable to better develop young people’s skills and human capital and increase women’s labor force participation. At the same time, robust surveys of small- and medium-sized enterprises (including youth- and women-owned businesses) could help strengthen the entrepreneurial ecosystem and identify needs to better tailor products, services, and policies. More data on savings and retirement practices and trends could improve public and private offerings and financials important for catalyzing the second demographic dividend.

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Maciej Witucki
Neal S. Wolin
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List as of July 1, 2020

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